



Mountain Equipment Co-op

Innovations and Challenges of Sustainable Retail Development

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Abstract

Retailers are an important component of contemporary cities and have been referred to as the ‘soul’ of commercial streets.¹ Retailing has had a significant impact on the built form of cities through the constant spatial shifting of capital in the last few decades towards larger establishments located in decentralized and segregated areas.

The initial decentralization and segregation of retail activity began with the outward migration of the middle-class from urban centres into suburbia. The by-products of these new suburban subdivisions, “where all those new families need groceries and furniture and kids clothes as soon as they move in” are the segregated mega-mall and big-box store commercial developments popular today.²

Today, large-format retailers in decentralized and segregated retail developments are a prominent component of most municipalities, and provide benefits to many Canadians. The benefits include gains through increased efficiency and economy of scale, as well as an increase in choice for the mobile and prosperous consumer.³

However, there are also many who have less chance to enjoy the benefits. These retail development forms — through their adverse economic impact on older retailing patterns, which affect the less mobile, the older and the poorer consumer, as well as smaller and inner city retailers — have been criticized in the past couple of decades by urban planners.

More recently, further concerns have arisen amongst planners concerned with the impacts of these retail developments. The concerns include not only the conservation of the natural environment, but also the encouragement of more ‘sustainable’ patterns of retail development and travel behavior.

The concept of ‘sustainable retailing’ encompasses an extremely broad number of considerations — including product sourcing and manufacturing standards, recycling, building construction and customer and employee satisfaction — however, this case-in-point will focus on the issues of ‘sustainable retail development’ from an urban planning perspective. This includes the economic, environmental and social impact of site location and development considerations. It discusses the efforts and the learning process of a Canadian retailer, Mountain Equipment Co-op (MEC), to be a model for more sustainable retail development through market-led initiatives.

It also examines both points of inspiration and constraints of these sustainability initiatives at three MEC stores in the following cities: Vancouver, Toronto and Winnipeg; the lessons that MEC has learned; the challenges MEC currently faces in developing new retail locations; and recommendations for the future of sustainable retail development.

Background

MEC is a retail co-operative that began operating in 1971 through mail order and a single storefront on the west coast of Canada. For a \$5 fee, MEC members become lifetime shareholders of the retail co-operative, a structure that ensures the organization is controlled by “people, not capital”.⁴ MEC is currently Canada’s largest outdoor retailer that provides equipment and advice for self-propelled wilderness activities.

In 2005, MEC generated revenues over \$197 million, employed approximately 1,200 people and had an international membership base of 2.3 million members in 192 countries.⁵ As of 2007, MEC has eleven stores across the country: with three stores located in British Columbia, two in Alberta, one in Manitoba, two in Ontario, two in Quebec, and one in Nova Scotia. The size of Mountain Equipment Co-op stores varies in each city across the country, with building footprints ranging from 12,000 to 50,000 square feet on sites with a gross area ranging from 17,000 to 62,000 square feet. The larger of MEC stores are thus comparable in building footprint areas to other smaller big-box retailers.

MEC has been a leader in many aspects of sustainability since the inception of the cooperative. This has been formally articulated through their adoption of a Sustainability Policy in 2002, which stated that MEC “has a responsibility to make the world a more sustainable place”. MEC has committed to sustainable business practices through four main programs, including ‘Product Sustainability’, ‘Ethical Sourcing’, ‘Greening our Operations’ and ‘Community Involvement’.

“The most tangible example of our sustainability practices is our green building program. For close to a decade we’ve been ‘greening’ our buildings by making design, materials, and construction decisions based on environmental considerations”.⁶

A less tangible sustainability practice — but one related — to the green building program is the process of MEC site selection and location within the city, and how this influences both MEC’s retail success and subsequent environmental, social and economic impacts on the surrounding retail district and the community.

In the mid-1990s, changes in the retail market towards large-format big box stores forced many Canadian retailers to improve every facet of their operations, and not just focus on the bottom line. Sales in the retail sector generally experienced a decrease by 12 percent, and many large Canadian retailers were negatively affected or started going into bankruptcy.

Yet, MEC experienced an overall increase in sales revenues — with only four stores nationally operating within a specialized niche market — partly through realizing the benefits of a large-format store. Although, at the time MEC was considering a few locations for new stores, it was mainly concerned with improving the existing locations into larger stores.

However, MEC not only moved all four of the existing stores into new locations, some with numerous environmental upgrades, but also shortly thereafter opened seven new retail stores in Edmonton (1998), Halifax (2001), Winnipeg (2002), Montreal (2003), Quebec City

(2004), North Vancouver (2004) and Victoria (2006). This growth ensured protection of MEC's brand and ability to offer lower prices on quality products. It also maintained a very positive economic direction for the organization.

MEC's expansion and growth into both large-format stores and a number of new markets was increasingly conscious of not only the economic, but also environmental and social considerations of sustainable site selection and development processes. MEC is commonly viewed as a retailer that is part of — and even the instigator of — unique and trendy areas within a larger movement of revitalization and sustainable development practices.

The Process of Developing Sustainable Retail: Considerations for Success

MEC is a retail co-operative that operates in a specialized niche market of providing goods and services for self-propelled wilderness activities. As a retailer, MEC is fundamentally different from the conventional commodity-type retailer. It began operating primarily as a mail order store and a substantial portion of their retail activity continues through their mail order and Internet ordering systems. MEC thus has access to an extensive internal information database of their members from all over Canada, and all over the globe.

MEC has undertaken an extensive demographic profiling of their core membership, including income and education levels, and lifestyle preferences. Whereas most conventional retailers attempt to create and thus fulfill a market, MEC has the ability to respond to the market based on their membership demand. Most conventional large-format retailers also do not put much consideration into the buildings they occupy, or the impacts of their store on the surrounding community.

MEC's goal is to develop retail environments that express the underlying values of the organization. In addition to site location and development considerations, MEC also contributes to local community groups and environmental initiatives through financial and educational supports — rather than just existing as a retail offering. MEC also strives to undertake new initiatives, to be a model for other retailers and retail developers by creating a positive business model, and to influence consumer behavior over the long-term. The following describes MEC's process of store location and development decisions.

Photo Credit: Phil Geobel

What City?

The process whereby MEC determines new Canadian cities for retail store locations is based on the following information:

1. Total number of MEC members;
2. Total population; and
3. The propensity for that population to partake in the core activities that MEC supports through retail stores, such as cycling, climbing, skiing and watersports.

What General Area?

A combination of factors then determines what area MEC should attempt to locate a store within the city, including:

4. Where the existing members are located; and
5. Where the demographics indicate the potential for new members.

These factors tend to have very high correlation and, in general, an overlay of existing membership and demographic data indicate that the most successful location for MEC stores is within or near the downtown core of large Canadian cities.

From this information, MEC then determines what size of store this population could support and the necessary size of real estate. The search for real estate begins with:

6. An analysis of the character of existing retail precincts within the general area; and
7. Appropriate zoning.

What Location and Site Characteristics?

MEC has traditionally been very rigorous in site location characteristics, and these considerations are based on both financial and philosophical reasoning. The site must be located in an area that has:

8. High traffic and high visibility;
9. Good accessibility by all modes of transport including public transportation, walking, cycling, and private automobile;
10. Proximity to other amenities, such as restaurants, universities, theaters and other forms of entertainment, as well as access to MEC's core activities;
11. Proximity to a source of human resources;
12. An ability for either building reuse through improvements, or redevelopment into a 'green' building;
13. Potential contribution to neighbourhood revitalization; and
14. Potential for ownership; and
15. The right 'place' for MEC based on feeling and intuition, rather than theoretical information.

However, in the end, the best retail development opportunity is only as good as the real estate that is available at that particular time. The following examples show MEC's initiatives towards developing sustainable retail locations in Canada.





VANCOUVER

Background

The city of Vancouver was the birthplace of MEC and contains MEC's flagship and largest retail store. Although the company started operating out of the back of a Volkswagen van in 1971, it shortly thereafter occupied a store on the second floor of an office building on Hastings Street. MEC outgrew this retail location on Hastings and opened a new store on 130 West Broadway on May 9, 1995. This location is only a few blocks from the previous store, within the Mount Pleasant neighbourhood.

The building was constructed partly from an old auto-service centre and auto-parts warehouse, and a few smaller adjacent buildings on the block. MEC spent \$250,000 renovating the buildings and attempting to incorporate environmentally friendly building techniques. MEC anticipated that a few of its Vancouver members would hate the new store and view its size — at nearly 60,000 square feet, covering almost a full city block — as a “loathsome embrace of the mega-store concept”.⁷ However, it was afterwards argued that big box retailers, in light of MEC, could fit into urban streets by altering their design concepts - resulting in being more accessible by public transit and by pedestrians.⁸

Points of Inspiration

A Catalyst for Revitalization: West Broadway - a derelict commercial strip in Mount Pleasant that was once lined with empty storefronts and marginal tenants and is now the successful ‘polar fleece’ niche market area of Vancouver with numerous comparative independent and chain retailers. “Mountain Equipment Co-op has breathed new life into what was basically a thoroughfare to the suburbs”.⁹

Building Reuse and Adaptation: The store was constructed from renovating existing structures on the block into a single 2-storey structure. Part of the structure already had rooftop parking, and MEC added — somewhat controversially — rooftop parking with a patio covering the entire building. Office Depot followed suit in their development scheme shortly thereafter.

Constraints

ODS's: Although minimization of Ozone Depleting Substances (ODS's) were considered during the construction of the Vancouver retail location, it was built prior to MEC's commitment to developing and integrating green building practices into a framework of more holistic sustainability initiatives.

Future Site Redevelopment: MEC did not purchase the site and will be challenged in the future to either redevelop the site in coordination with the owner, or relocate a store of its size in a tight market.



Background

The Toronto store was MEC's third retail location to open, and the first in eastern Canada. The first Toronto MEC store opened in 1985 on Front Street, but in just over ten years of operation it relocated into a building more than double in size. The 52,000 square foot store opened March 31 1998, in a newly constructed 2-storey building located at 400 King Street West near Spadina Avenue.

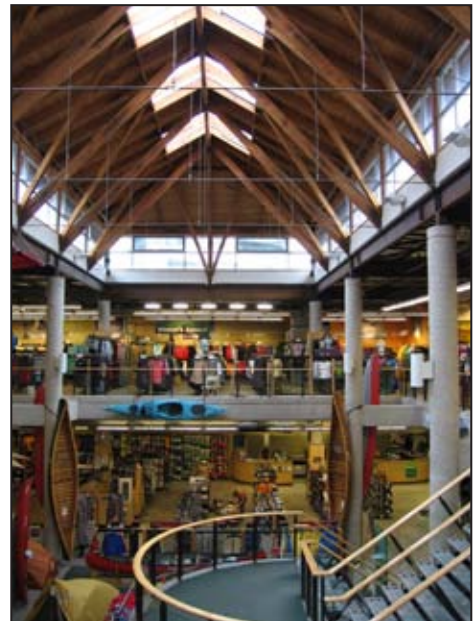
In 1996, the City of Toronto released the first King-Spadina Secondary Plan, which rezoned the district to provide for a compatible mix of land uses with the flexibility to evolve in effort to attract investment into the area. MEC has been acknowledged as key in sustaining a niche of outdoor retailers in this area of Toronto. "In contrast to the recent explosion of suburban big box retail development, the Co-op is located on a downtown infill site... and as a result is easily accessible by foot, bicycle and public transit".¹⁰

Even though the site was located within a bleak and undeveloped light industrial area, MEC also constructed an underground parking lot. MEC is proud that this retail store — although only their first attempt — reveals commitment to environmental sustainability through building practices. At the time, retail buildings had "not played a significant

role in the evolution of environmentally sustainable design".¹¹

Due to the environmental features incorporated in the Toronto store, MEC expected to lower their energy costs by 37 percent, and receive long-term benefits through the durability of the construction materials. The initial cost of the environmental upgrades was approximately 9.25 percent, adding an extra \$350,000 to the total cost of the building.¹²

The addition of a green roof to the Toronto store was considered both visionary and gutsy, as a fund had not been set-aside by MEC for the green roof, it was added half way through the design and construction phase, and there was no certainty for the garden's design and performance in Canada.¹³



TORONTO



Points of Inspiration

A Model for Green Building: The benefits of the rooftop garden are felt by more than MEC through the satisfaction of successful implementation of a new technology and moderation of building temperature.

Other benefits include reducing storm water runoff, providing a view of plants such as sunflowers from the surrounding buildings, and increasing urban habitat for insects and birds. But most importantly, “MEC’s green roof has broadened people’s imaginations; it has helped other people make the case for green roofs”.¹⁴ Each year, over 3,000 people learn about green building techniques and green roofs on tours of the Toronto MEC store.

The Making of a Place: MEC is a destination retailer that significantly added to the growing strength of the distinctive character of the King-Spadina area. MEC also provided leaseable space for other tenants, including a national coffee shop chain and travel store, to facilitate co-location of complimentary businesses and promote social interaction.

Constraints

Highest and Best Use: The Toronto store represents a loss of opportunity for MEC as the rezoning of the King-Spadina area would have allowed MEC to build a higher density project. During development, MEC considered a design exploration into constructing a mix use building with condos, but did not have the time or the organizational structure to pursue this option.

Currently, the value of the land is such that MEC could realize a significant profit by selling the land because the utilization of the land is below what the value dictates. However, selling the property would likely result in demolition of the building and is a poor ecological outcome that does not fit with MEC’s objectives.

Shed Some Light on the Situation: In the past few years the King-Spadina area has seen a number of high-rise condo buildings constructed. From the rooftop garden at MEC, four new high-rise condo developments are currently starting construction in the immediate area. What remains to be seen is, how will these new developments affect the light availability for MEC’s green roof and solar panels?

TORONTO





Background

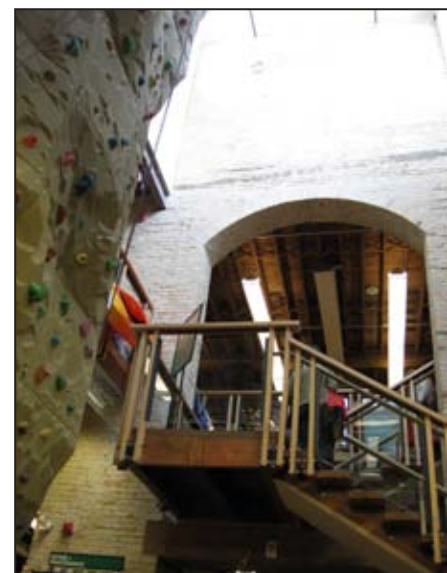
The two-storey retail store opened on May 30, 2002 at the intersection of Portage Avenue and Donald Street, at 303 Portage Avenue. The decision by MEC to open a retail store in Winnipeg was highly publicized, and a City organization played a large role in attracting the store to this location within the downtown core. MEC was seen as one of the main strategies in revitalizing Portage Avenue retail.

“Mountain Equipment Co-op’s well-being is considered crucial to the revitalization of a four-block stretch of Portage Avenue between Fort and Hargrave streets, where many buildings stubbornly resist redevelopment. Some buildings on the avenue have remained vacant for so long, the cost of renovations exceeds what owners would receive in rent”.¹⁵ Centre Venture provided financial incentives and assistance to MEC for developing the retail store in this location on Portage.

The site previously contained three existing city-owned buildings, including the Capital Theater, which were carefully demolished. Many of the materials were salvaged for use in the new structure. The footprint of the new building is 10,200 square feet and contains

approximately 95 percent recycled materials, most of which were obtained from the site. The building had only a few added capital costs, and was constructed for approximately \$85 per square foot.¹⁶

The building uses over 50 percent less energy than the baseline specified in the federal government’s model energy code for similar structures, and produces 30 tonnes less of greenhouse gases per year than a conventional building.¹⁷ In addition to the roof top garden, the facility was equipped with composting toilets and radiant floor heating. However, no attempt was made to incorporate a parking lot for MEC members into the Winnipeg store as sufficient alternative parking opportunities were identified.



WINNIPEG



WINNIPEG



Points of Inspiration

Partnerships in Development: The combination of the private sector working with the public sector, such as MEC and Centre Venture, to promote the process of downtown revitalization.

A Like-Minded Place: The third floor of the MEC building, which contained 4,500 square feet of vacant office space, was rented to "like-minded organizations". The organizations were various environmental groups of the province, including the Manitoba Eco-Network, Resource Conservation Manitoba, Western Canada Wilderness Committee, Canadian Parks and Wilderness Society Manitoba, Boreal Forest Network, and Climate Change Connection.

A Successful Design Process: The store in Winnipeg was the greenest building MEC had constructed to date, and the Integrated Design Process (IDP) facilitated a more comprehensive and consistent approach to green building design. After three years of operating, it became only the fourth building in Canada and the first outside British Columbia to earn a LEED gold rating. The building's architect stated, "With a creative client and design team, we have used made-in-Manitoba solutions to create what is being called the 'greenest retail building in the world'".

Constraints

Resistance to Revitalization: Although MEC has increased the amount of pedestrian traffic, a high number of vacant storefronts remain in the area. Winnipeg's downtown has proven resistant to revitalization due to a combination of persistent barriers.

Car Culture: With no room for off-street parking and due to the downtown location adjacent to other parking opportunities, MEC did not develop on-site parking. However, due to the reluctance of drivers to use adjacent parking lots, and a general lack of foot traffic required MEC in 2006 to experiment with creating 'free' customer parking - offering an hour of free parking at a nearby Smith Street lot for those customers who spend at least \$10.

Future Development Challenges and Recommendations

The various challenges that MEC currently faces in developing sustainable retail locations involve maintaining this balance between economic, environmental and equity goals.

Store Size: MEC has realized significant increases in efficiency through operation of larger stores, which has allowed prices to remain lower. However, store size has become more of an issue for MEC as fewer affordable parcels of land remain in optimal downtown or inner city locations.

This was the particular case in the recent development of the Montreal store (2003), which was eventually located within a suburban retail 'power centre' development. MEC attempted to offset this location decision through constructing an exceptionally green building and pressuring the City to increase public transit service to the area. Additionally, Zoning regulation that limits building size in urban locations could present difficulties in new store development.

Land Values: The rising cost of land is prohibitive to development in most areas of Canada, even in suburban locations. It will be a challenge for MEC to match location decisions with sustainability goals.

New Markets: MEC is currently near maximizing the major markets and has begun experimenting with offering multiple locations in larger cities. The success of the North Vancouver store has MEC searching opportunities for a second Toronto location.

Other new retail store opportunities are in unexplored territory: where the location of existing MEC members and potential new members are over a larger, less concentrated area. Although MEC is a destination location

that operates by providing a single store location in one city, these stores are typically located such that they are close to the core membership and are easily accessible by a variety of transportation modes.

Multiple Use Areas: MEC has been able to achieve retail development sustainability objectives by locating in vibrant areas that incorporate a variety of land uses. The recent direction of municipalities has been to create divisions between land uses, which is especially apparent in suburban locations that do not offer any mix of land uses through strict zoning regulations.

A more permissive and flexible zoning structure would facilitate the creation of interesting development opportunities, such as live-work situations, and towards the creation of more complete and sustainable communities.

Co-location: MEC has realized the importance of creating a niche market that is supported through competitive and complimentary business operations. Co-location creates a richer environment through provision of smaller independent stores, other brand stores, coffee shops, and other businesses that offer services to the community.

In combination with a pedestrian friendly and aesthetically streetscaped environment, these types of commercial areas arise emotion and attachment — a feeling of 'place' — within the larger community. Devising co-location strategies is important to the future success of more sustainable retail development.

Photo Credit: Christopher Greenfield

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Photo Credit: Christopher Greenfield